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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

ANNUAL AUDITED REPORT
FORM X-17A-5
PART III

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Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 01/01/2001 AND ENDING 12/31/2001
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

Fidelity National Capital Investors, Inc.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

3 Corporate Square, 7th Floor

(No. and Street)

Atlanta

Georgia

30329

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Chetan Boal, President

404-639-6647

(Area Code — Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Ernst & Young, LLP

600 Peachtree Street, Suite 2800 (Name — if individual, state last, first, middle name)
Atlanta Georgia 30308

(Address)

(City)

(State)

Zip Code)

CHECK ONE:

- ☒ Certified Public Accountant
☐ Public Accountant
☐ Accountant not resident in United States or any of its possessions.

PROCESSED

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FINANCIAL

*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

SEC 1410 (3-91)

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a currently valid OMB control number.

3/20/02 SS

OATH OR AFFIRMATION

I, Chetan Boal, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Fidelity National Capital Investors, Inc., as of

December 31, 2001, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

Chetan Boal

Signature

President

Title

Sondra F. Stotter

Notary Public

SONDRA F. STOTTER

Notary Public, Gwinnett County, Georgia

My Commission Expires December 3, 2005

This report** contains (check all applicable boxes):

- ☒ (a) Facing page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation, of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES
Fidelity National Capital Investors, Inc.
(A wholly owned subsidiary of Fidelity National Corporation)
Year ended December 31, 2001 with Report of Independent Auditors

Fidelity National Capital Investors, Inc.
(a wholly owned subsidiary of Fidelity National Corporation)

Financial Statements

Year ended December 31, 2001

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Report of Independent Auditors

The Board of Directors
Fidelity National Capital Investors, Inc.

We have audited the accompanying statement of financial condition of Fidelity National Capital Investors, Inc. (a wholly owned subsidiary of Fidelity National Corporation) as of December 31, 2001, and the related statements of operations, changes in shareholder's equity, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Fidelity National Capital Investors, Inc. as of December 31, 2001, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in the accompanying schedules is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 of the Securities and Exchange Commission. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Ernst & Young LLP

January 25, 2002

Fidelity National Capital Investors, Inc.
(a wholly owned subsidiary of Fidelity National Corporation)

Statement of Financial Condition

December 31, 2001

Assets

Cash	\$ 323,857
Receivable due from clearing organization	24,974
Property and equipment (net of accumulated depreciation of \$64,927)	26,472
Taxes receivable from Parent	63,446
Prepaid expenses and other assets	73,358
Total assets	<u>\$ 512,107</u>

Liabilities and shareholder's equity

Liabilities:

Accounts payable	\$ 142,084
Accrued commissions	16,283
Other liabilities	3,859
Total liabilities	<u>162,226</u>

Shareholder's equity:

Common stock, no par value. Authorized 1,000,000 shares; issued and outstanding 101,012	1,410,000
Accumulated deficit	<u>(1,060,119)</u>
Total shareholder's equity	349,881
Total liabilities and shareholder's equity	<u>\$ 512,107</u>

See accompanying notes to financial statements.

Fidelity National Capital Investors, Inc.
(a wholly owned subsidiary of Fidelity National Corporation)

Statement of Operations

Year ended December 31, 2001

Revenues:	
Commissions	\$1,228,513
Interest	4,640
Total revenues	<u>1,233,153</u>
Expenses:	
Employee compensation and benefits	962,159
Floor brokerage and clearance fees	134,038
Communications	170,577
Occupancy and equipment rental	98,233
Management fees	165,120
Other operating expenses	445,877
Total expenses	<u>1,976,004</u>
Loss before income taxes	(742,851)
Income tax benefit	<u>(282,284)</u>
Net loss	<u><u>\$ (460,567)</u></u>

See accompanying notes to financial statements.

Fidelity National Capital Investors, Inc.
(a wholly owned subsidiary of Fidelity National Corporation)

Statement of Changes in Shareholder's Equity

	<u>Common Stock</u>		<u>Accumulated</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>	<u>Deficit</u>	<u>Shareholder's</u>
				<u>Equity</u>
Balance at January 1, 2001	101,008	\$ 945,000	\$ (599,552)	\$ 345,448
Issuance of Common Stock	4	465,000		465,000
Net loss			(460,567)	(460,567)
Balance at December 31, 2001	101,012	\$1,410,000	\$(1,060,119)	\$ 349,881

See accompanying notes to financial statements.

Fidelity National Capital Investors, Inc.
(a wholly owned subsidiary of Fidelity National Corporation)

Statement of Cash Flows

Year ended December 31, 2001

Operating activities

Net loss \$(460,567)

Adjustments to reconcile net loss to net cash used
in operating activities:

Depreciation expense 15,118

Decrease in receivable from clearing
organization 84,747

Decrease in loans receivable 53,402

Decrease in taxes receivable from Parent 20,925

Decrease in prepaid expenses and other assets 32,225

Increase in accounts payable 68,528

Decrease in accrued commissions (45,535)

Decrease in other liabilities (1,548)

Net cash used in operating activities (232,705)

Investing activities

Purchase of property and equipment (11,096)

Proceeds from sale of property and equipment 15,220

Net cash provided by investing activities 4,124

Financing activity

Proceeds from issuance of common stock 465,000

Net cash provided by financing activity 465,000

Net increase in cash 236,419

Cash at beginning of year 87,438

Cash at end of year \$ 323,857

See accompanying notes to financial statements.

Fidelity National Capital Investors, Inc.
(a wholly owned subsidiary of Fidelity National Corporation)

Notes to Financial Statements

December 31, 2001

1. Summary of Significant Accounting Policies

General

Fidelity National Capital Investors, Inc. (the "Company") is a wholly owned subsidiary of Fidelity National Corporation (the "Parent"), and was incorporated under the laws of the State of Georgia on May 15, 1992. As a broker/dealer that is a member of the National Association of Securities Dealers, Inc. ("NASD") and registered with the Securities and Exchange Commission ("SEC"), the Company engages in retail brokerage, investment banking, and other securities related activities. As a fully disclosed broker/dealer, the Company clears all trades through the use of correspondent broker/dealers and therefore does not hold customer funds or securities.

The financial statements of the Company are prepared in accordance with accounting principles generally accepted in the United States and practices within the financial services industry, which require management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Fair Value of Financial Instruments

Other receivables and accounts payable are recorded on the statement of financial condition at an amount that approximates fair value.

Property and Equipment

Property and equipment, consisting mainly of furniture and computer equipment, are stated at cost less accumulated depreciation. Depreciation is provided on a straight-line basis over the estimated useful lives of property and equipment.

Revenue Recognition

Securities transactions and the related revenues and expenses are recorded on a trade date basis.

Fidelity National Capital Investors, Inc.
(a wholly owned subsidiary of Fidelity National Corporation)

Notes to Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Income Taxes

The Company's results of operations are included in the consolidated income tax returns of the Parent. The Company participates in a tax sharing agreement with the Parent which results in the allocation by the Parent of income tax benefits to the Company relating to losses and tax expense relating to income. As a part of this agreement, the Company received a net credit from the Parent of \$315,982 during 2001, and had a current income taxes receivable from the Parent of \$63,446 at December 31, 2001.

Employee Benefit Plans

Substantially all of the Company's employees are eligible to participate in a defined contribution 401(k) plan sponsored by the Parent. Employee contributions to the Plan are voluntary. The Company matches 50% for every dollar set aside by an employee up to 6% of a participating employee's income. For the year ended December 31, 2001, the Company contributed \$13,559 to the Plan.

2. Transactions with Affiliates

The Company had cash balances of \$323,857 on deposit at Fidelity National Bank ("FNB"), a wholly owned subsidiary of the Parent, as of December 31, 2001. The Company has agreements with FNB and the Parent whereby the Company pays monthly management fees. Such fees amounted to \$165,120 for the year ended December 31, 2001. The Company pays an intercompany data processing fee to FNB. This fee was \$12,108 for the year ended December 31, 2001. The Company also rents office space and equipment from FNB. The total rental expense paid to FNB was \$81,144 for the year ended December 31, 2001.

Fidelity National Capital Investors, Inc.
(a wholly owned subsidiary of Fidelity National Corporation)

Notes to Financial Statements (continued)

3. Net Capital Requirements

The Company, as a registered broker/dealer in securities, is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. At December 31, 2001, the Company had net capital, as defined, of \$186,605, which was \$133,272 in excess of its required net capital of \$53,333. The Company's ratio of aggregate indebtedness to net capital at December 31, 2001 was 0.87 to 1. During 2001, the Parent made capital contributions to FNCI totaling \$465,000, which resulted in the issuance of common stock to the Parent.

In addition, the Company is required to maintain net capital of at least \$100,000 in excess of the minimum net capital requirement of Securities Exchange Commission Uniform Net Capital Rule (Rule 15c3-1) in accordance with a clearing agreement with a third party provider. At December 31, 2001, the Company has net capital of \$186,605, which was \$33,272 in excess of the required net capital of \$153,333 per the clearing agreement.

4. Liabilities Subordinated to the Claims of General Creditors

At December 31, 2001 and during the period then ended, the Company had no liabilities that were subordinated to the claims of general creditors.

5. Contingencies

Certain complaints have been filed against the Company by former customers, and others, seeking to assert claims regarding allegations of improprieties involving a former customer who is under investigation by the Securities and Exchange Commission. The amount of loss, if any, and the nature of regulatory sanctions, if any, cannot be determined at this time.

Supplementary Schedules

Fidelity National Capital Investors, Inc.
(a wholly owned subsidiary of Fidelity National Corporation)

Schedule I - Computation of Net Capital Under SEC Rule 15c3-1

December 31, 2001

Computation of Net Capital

Total shareholder's equity from Statement of Financial Condition	\$ 349,881
Deductions and/or charges:	
Nonallowable assets:	
Property and equipment, net	26,472
Taxes receivable from Parent	63,446
Prepaid expenses and other assets	73,358
Total deductions and charges	<u>163,276</u>
Net capital before haircuts on securities positions	<u>186,605</u>
Haircuts on securities:	
Total haircuts	<u>-</u>
Net capital	<u><u>\$ 186,605</u></u>

Computation of Aggregate Indebtedness

Accounts payable	142,084
Accrued commissions	16,283
Other liabilities	3,859
Total aggregate indebtedness	<u><u>\$ 162,226</u></u>

Fidelity National Capital Investors, Inc.
(a wholly owned subsidiary of Fidelity National Corporation)

Schedule I - Computation of Net Capital Under SEC Rule 15c3-1
(continued)

December 31, 2001

Computation of Basic Net Capital Requirement

Minimum net capital required based on aggregate indebtedness	<u>\$ 10,815</u>
Minimum dollar requirement	<u>53,333</u>
Net capital requirement	<u>53,333</u>
 Excess net capital	 <u><u>\$133,272</u></u>
 Ratio: Aggregate indebtedness to net capital	 <u><u>0.87 to 1</u></u>

There were no material differences between this computation of net capital and the corresponding computation prepared by the Company included in Part IIA of Form X-17A-5, as of December 31, 2001.

Fidelity National Capital Investors, Inc.
(a wholly owned subsidiary of Fidelity National Corporation)

Schedule II - Information Pursuant to the Reserve Requirements and to the
Possession or Control Requirements Under SEC Rule 15c3-3

December 31, 2001

The Company claims an exemption from SEC Rule 15c3-3 under Section (k)(2)(ii) of the Rule as all customer transactions are cleared through another broker dealer on a fully disclosed basis.

Report on Internal Control Required by SEC Rule 17a-5 for a Broker-Dealer Claiming an Exemption from SEC Rule 15c3-3

The Board of Directors
Fidelity National Capital Investors, Inc.

In planning and performing our audit of the financial statements and supplementary schedules of Fidelity National Capital Investors, Inc. (the Company) for the year ended December 31, 2001, we considered its internal control, including control activities for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control.

Also, as required by rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company including tests of such practices and procedures that we considered relevant to the objectives stated in rule 17a-5(g) in making the periodic computations of aggregate indebtedness and net capital under rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons
2. Recordation of differences required by rule 17a-13
3. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or

disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in any internal control or the practices and procedures referred to above, errors or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

Our consideration of internal control would not necessarily disclose all matters in internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control components does not reduce to a relatively low level the risk that errors or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving internal control, including control activities for safeguarding securities that we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at December 31, 2001, to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

Ernst & Young LLP

January 25, 2002